Testimony of
Shoshanna Silverberg
The Young Women's Leadership Program
Before the Higher Education and Employment Advancement Committee
Tuesday, February 10, 2009

In Support of:
S. B. 73, An Act Concerning the Solicitation of Credit Cards to College Students and the Management of Student Credit Card Debt
H.B. 5119, AAC Institutions of Higher Education and the Solicitation of Credit Cards to College Students

Distinguished Chairs, Vice Chairs and Members of the committee, my name is Shoshanna Silverberg and I am a steering committee member of the Permanent Commission on the Status of Women's Young Women's Leadership Program (YWLP). I speak in favor today of **S. B. 73, An Act Concerning the Solicitation of Credit Cards to College Students and the Management of Student Credit Card Debt** and **H.B. 5119, AAC Institutions of Higher Education and the Solicitation of Credit Cards to College Students** on behalf of the YWLP, which is dedicated to understanding and voicing the needs of Connecticut's young women ages 18-35.

Studies have shown that in recent years, 47% of women in the United States ages 21 to 34 carry unpaid credit card balances at an average of $2000. If we consider that this statistic is most likely being continuously compounded by our current economic situation, it is a safe presumption that the average amount of debt carried by those ages 21-34 just two years, one year, or even six months ago has swelled dramatically in the past months, and will continue to inflate at a rapid pace in the coming months, and potentially years.

As the cost of living has been rapidly increasing, more and more Americans, particularly those without sizeable or steady income, such as students, are using credit cards to cover the costs of staples such as food, utilities and many of the expenses associated with receiving higher education. In fact, a national survey of college students found that 23% use credit cards to pay for tuition and fees and 52% for textbooks and school supplies. This means that in order for students to graduate from college, many must absorb an increasingly inflated price of debt, which inhibits their ability to pay off educational debt, limits their ability to succeed at *ever* paying off their debt, obtaining satisfactory credit ratings, acquiring property and providing for their families' essential needs down the line.

When credit card companies have unfettered access on college campuses to students who, due to a lack of financial education, are often quite ignorant about how the concept of 'credit' works, these companies are being enabled to prey on a particularly vulnerable segment of our population. I can personally attest to how trying it is 'starting out' in the world professionally amidst so much chaos and fiscal disparity, but to be saddled with debt that mounts every day – with a Bachelor's and a Master's degree mind you – and know that credit card companies are not only able to recruit customers on college campuses, but that institutions of higher learning are also allowed to furnish these companies with the names of their students and alumni, is both horrifying and frustrating.

S.B. 73 and H.B. 5119 address these issues by prohibiting card issuers from soliciting students on college campuses, schools from selling names of potential customers and parents from being liable for debt incurred by their adult children. Additionally S.B. 73 requires colleges and universities to provide students with debt education materials. In conclusion, I urge you to consider passage of S.B. 73 and H.B. 5119 as a strategy for improving the financial literacy of our state's student population, and thank the committee again for hearing testimony on this incredibly important issue.

Connecticut General Assembly

PCSW

Permanent Commission on the Status of Women

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Research Brief

18-20 Trinity St., Hartford, CT 06106 ▪ 860/240-8300 ▪ pcsw@cga.ct.gov ▪ www.cga.gov/pcsw

Young Women and Financial Literacy

Financial literacy is an invaluable educational tool that can help young women gain financial independence and long-term economic security. Unfortunately, in part because of a lack of financial literacy education, many young women are not saving aggressively and are carrying high amounts of debt. Below are some key facts about young women and finance.

Young Women and Debt

- Studies have shown that 47% of women ages 21 to 34 carry unpaid credit card balances at an average of $2000.[i]
- A national survey of college students found 23% use credit cards to pay for tuition and fees and 52% for textbooks and school supplies.[ii]
- Women college graduates have an average student loan debt of $19,360.[iii]
- Among workers aged 25 to 34, 23 percent of women with bachelor's degrees spent over 10 percent of their earnings repaying student loans, versus 16 percent of men.[iv]
- 54% of people between ages 18-34 have gone without health insurance at some point in the last five years and 28% are carrying medical debt.[v]
- Young women have more credit cards, are more likely than men to have credit card debt over $5,000, pay late and not pay their balances in full.[vi]

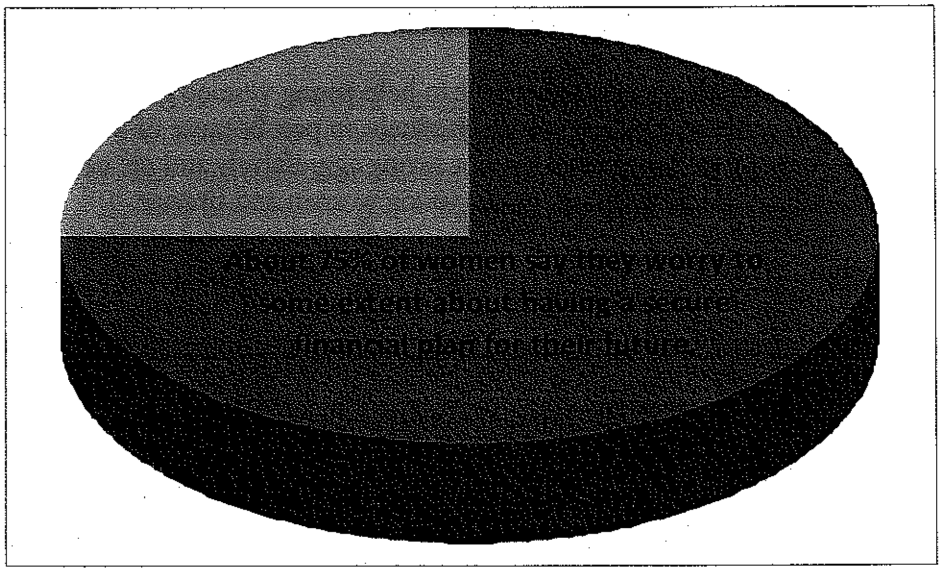
Young Women and Savings

- Probably because they are closer to retirement, workers age 35 and older are more likely than those ages 25–34 to say they (and/or their spouse) have saved for retirement.[vii]
- Women are more likely to work in part-time jobs that don't qualify for a retirement plan. And working women are more likely than men to interrupt their careers to take care of family members; therefore, they work fewer years and contribute less toward their retirement.[viii]
- Women are more likely than men to have no savings at all. 25% of women have neither retirement savings nor other savings, compared with 18% of men.[ix]
- Workers ages 25–34 are less confident than workers of similar ages were 10 years ago about their ability to have a financially secure retirement. In particular, they are less confident about having enough money for a comfortable retirement and having enough to pay for basic expenses.[x]

young women's leadership program

Young Women and Financial Education

- 55% of college students say they have never taken a course about personal finance or economics.[xi]
- About 75% of women say they worry to some extent about having a secure financial plan for their future.[xii]
- While a lack of progress in savings could be the result of other financial strains, such as income limitations or family demands, data suggests that progress may also be dependent on financial education and preparedness. Knowing what and how to do it is as important as having the means to do it.[xiii]



Recommendations

The Young Women's Leadership Program supports proposals to provide education and programming about financial literacy.

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i http://www.newswise.com/articles/view/28248/, http://www.soundinvesting.org/justforwomen.asp
ii Smith College News Release, College Students Use Credit Cards to Pay for Their Education, August 2005
iii The Project on Student Debt
iv http://www.creditcards.com/credit-card-news/young-women-suffer-from-greater-debt.php
v Investment News, American's Under 35 Piling Up Debt, 8/11/2008
vi Smith College News Release, College Students Use Credit Cars to Pay for Their Education, August 2005
vii Employee Benefit Research Institute: 2008 Retirement Confidence Survey
viii U.S. Department of Labor: Women and Retirement Savings, 2008
ix Employee Benefit Research Institute: 2008 Retirement Confidence Survey
x Employee Benefit Research Institute: 2008 Retirement Confidence Survey
xi Smith College News Release, College Students Use Credit Cars to Pay for Their Education, August 2005
xii http://www.prudential.com/media/managed/2006WomenBrochure_FINAL.pdf
xiii http://www.prudential.com/media/managed/2006WomenBrochure_FINAL.pdf